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## Competition in Research Activity among Economic Departments: Evidence by Negative Spatial Autocorrelation

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### **Abstract**

Despite the prevalence of both competitive forces and patterns of collaboration within academic communities, studies on research productivity generally treat universities as independent entities. By exploring the research productivity of all academic economists employed at 81 universities and 17 economic research institutes in Austria, Germany, and German-speaking Switzerland, this study finds that a research unit's productivity negatively depends on that of neighboring research units weighted by inverse distances. This significant and exemplary robust negative relationship is compatible with the notion of competition for priority of discovery among individual researchers and the universities that employ them, and with the notion that the willingness to relocate decreases with distance. In addition, the empirical results support the hypotheses that collaboration and the existence of economies of scale increase research productivity.

**Keywords** Research productivity, Competition, Collaboration, Negative spatial autocorrelation, Geo-referenced point data

**JEL classifications** C21, D85, I23, J24, R12

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## 1. Introduction

In a series of articles beginning in the late 1950s, the sociologist Robert K. Merton convincingly delineated the behavior of scientists. According to Merton (e.g., 1973), scientists compete to establish the priority of their discovery by being first to communicate an advance in knowledge in a scientific journal. The basic goal of such behavior is to acquire scientific recognition from the scientific community at large, as also detailed by Collins (1998) from a historical perspective and Stephan (1996) from an economic perspective.

Studies after Merton (1973) have questioned the hypothesis that scientific recognition is the sole motivation and have tried to give more meaning to the reward system provided by scientific fields. According to Hagstrom (1975), researchers not only produce knowledge to gain esteem but also aim to speed up their own personal advancement. Researchers offer their output as a gift (i.e., free of charge) to the entire community, with the purpose of attracting counter gifts. Bourdieu (1975) instead proposes that scientists behave as capitalists who work to place their scientific output at the right time in the right place in the scientific field, by investing in the most profitable subjects and methods in relation to demand.

Overviews published by Merton (1973), Stephan (1996), and Vinck (2010) indicate that the reward system can take multiple forms. It may grant access to employment, in the form of appointments as researcher, lecturer, or professor, to research subsidies, consulting fees or grants, but also to capital goods as equipment, software, or data. Rewards can also take the form of eponymy, such as when the scientist's name is attached to a discovery or scientific prizes (e.g., the Nobel Prize), or the number of citations received on an article, invitations to speak at conferences, or easier acceptance of new work for publication, especially in prestigious journals. This part of reward is alternatively referred as prestige, renown, credit, authority, or visibility.

Despite differences in emphasis, all these overview studies assume scientists are competitors and that the key to more or higher rewards is the production of more articles in higher-quality journals. Maske et al. (2003) go so far as to presume that a researcher's utility function depends on only one argument: total number of articles in refereed journals. A similar principle applies to universities or research institutes where the

scientists hold academic positions (Stephan, 1996; Vinck, 2010). To obtain funds, they must demonstrate their societal relevance to backers, such as by showing that they published a lot of research. For these reasons, the research productivity of individual scientists and that of the universities and research institutes in which they are employed have become primary topics of economic inquiry, across three main directions.

First, efforts focused on ranking research institutions, which eventually have expanded to rankings of individual researchers. One of the most comprehensive European studies is by Combes and Linnemer (2003), who rank approximately 600 economic research centers using quality-adjusted measures of publication activities. Their U.S. counterparts are Dusansky and Vernon (1998), who review and compare several rankings of top economic departments. The primary purpose of these studies is to provide “near-objective” information about the comparative quality of research in a world in which academic publications have reached a great deal of variety. These studies consistently find that research productivity is highly skewed, such that most articles are written by a limited number of scientists, employed by major universities located in a few countries (for detailed figures, see Frenken et al., 2009; Vinck, 2010).

Second, researchers have tried to identify the drivers of research productivity. Research productivity can be measured and explained at the individual level, university level, or even the level of a particular area, such as nations. To explain research productivity at the individual level, most studies apply human capital models, in which lifecycle variables such as gender, age, experience, and academic position are significant. According to Stephan (1996), the explanatory power of these lifecycle models remains rather low though, because they cannot explain why research productivity among scientists is so skewed. Fabel et al. (2008) and Rauber and Ursprung (2008b) investigating publication data related to German economic and business economic researchers confirm this claim and indicate R-square values not greater than 0.1 at the individual level, and 0.05 at the level of departments.

Other studies in this strand additionally concentrate on the relationship between research output and location characteristics. Bonaccorsi and Daraio (2005) investigate the impact of size and agglomeration effects on institutional productivity, using data about non-university research institutions that belong to the Italian National Research Council

and France's INSERM<sup>1</sup>. They find weak evidence in favor of agglomeration effects in France only and no evidence of economies of scale. They rationalize this result claiming that scientific excellence creates its own agglomeration effects rather than that agglomeration effects make researchers more productive. Carvalho and Batty (2006) test whether physical location matters to research output in the U.S. computer science field. They conclude that advantages stem from “good” locations, when they control for population and research funding. Kim et al. (2009) investigate research productivity for economics and finance faculty at the top 25 U.S. universities for the period 1970–2001. Those top universities actually appear to have lost their ability to boost the productivity of their researchers during this period, because Internet and the concomitant decline in communication costs have given faculty even in remote places access to the latest developments. Nevertheless the top departments enjoy the highest average productivity, because they are still able to attract and retain the most productive researchers; top researchers thus agglomerate in institutions with prestigious undergraduate programs and strong research reputations.

Third, literature has tried to identify the mechanisms for scholarly collaboration. The probability that two researchers work together on a project depends on the costs, which increase as function of geographical distance, and the benefits, which increase if both researchers are employed at an elite university (Frenken et al., 2009; Hoekman et al., 2009). Through collaboration a scientist can diversify his or her research portfolio, which minimizes the risk that time invested in research and writing goes to waste if the papers are not accepted for publication. Another factor is quality. Scientists who collaborate may be more productive than individual investigators, because they tend to produce better science if they share knowledge and learn from one another (Ursprung and Zimmer, 2007). In the most recent study, Bosquet and Combes (2013) demonstrate that academic economists who have published more articles and who have had more different co-authors reach a higher average quality of publications using exhaustive dataset of French economists. In addition, unknown, young researchers may find it difficult to get their contributions published, so they seek recognized scientists to work with them and

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<sup>1</sup> Institut national de la santé et de la recherche médicale.

coauthor their articles. The settled scientists in turn may be willing to advise and assist the young scientists due to the so-called Matthew effect (coined by Robert K. Merton): When two researchers coauthor an article, readers tend to notice only the most eminent author and gradually forget the other, regardless of their actual levels of contribution to the work. In other cases, colleagues receive coauthorship status as a reward for sharing access to data, software, or equipment. Laband and Tollison (2000), in their examination of the increase of coauthorship incidence, cite the capital intensity of research as the main rationale for biology and the higher probability of publication as the reason in economic fields.

Frenken et al. (2009) find that most collaborations are local or domestic rather than international. One explanation posed for such cooperation at the local level refers to agglomeration effects, such as economies of scale. According to Bonaccorsi and Daraio (2005), economies of scale are synonymous with critical mass. There exists a minimum efficient scale for the administrative costs of universities. Moreover, meaningful output requires the combination and coordination of many scientists from different fields who can provide competencies in both the substantive field and variety of complementary areas. Size also may have benefits in terms of organizational support, including direct resources employed in scientific production such as assistants or equipment, shared resources such as libraries and facilities, and indirect resources such as competent colleagues.

Despite their contributions though, all three lines of research overlook Merton's (1973) basic notion that the primary goal of scientists is to establish priority of discovery, because there is little value in being second or third. If they cannot achieve this goal by publishing journal articles individually, scholarly cooperation may be beneficial, even if scientists remain competitors who strive to produce objective knowledge first to acquire esteem benefits. In this study, we aim to verify empirically Merton's basic notion that universities and scientists are competitors. For this purpose, we apply spatial econometric techniques with geo-referenced research output data for economic departments of universities or economic research institutes. Although empirical literature on research productivity is growing, this article presents one of the first studies to test for competition and apply these advanced techniques.

Spatial econometrics refers to a subfield in econometrics that analyzes cross-sectional or longitudinal data in which the interaction among units relates to location and distance variables (Anselin, 1988; LeSage and Pace, 2009). According to Anselin (2010), this field has reached a stage of maturity through general acceptance of spatial econometrics as a mainstream methodology; the number of applied empirical researchers who use econometric techniques in their work also indicates nearly exponential growth. We make two contributions to this literature. Firstly, positive spatial autocorrelation in empirical data appears far more frequent than negative spatial autocorrelation, and researchers tend to consider negative autocorrelation less relevant. If a particular variable increases (decreases) in one area, it also tends to increase (decrease) in neighboring areas. However, Griffith and Arbia (2010) offer three examples of negatively spatially autocorrelated phenomena, all based on the notion of competitive locational processes. If the manifestation of a certain phenomenon in one area occurs at the expense of its neighboring areas, then negative spatial autocorrelation is likely. We investigate whether universities compete and thereby contribute to the less explored area related to negative spatial autocorrelation. Secondly, since spatial econometric techniques mainly have been used to explain lattice or areal data (e.g., rectangles, zip codes, municipalities, regions, states, jurisdictions, countries), it is interesting to see that these techniques can also be used to analyze geo-referenced point data, particularly in this paper on the level of universities. The literature on hedonic models explaining housing prices is another research area using geo-referenced point data and spatial econometric techniques,<sup>2</sup> but there are two differences. We use data on all universities within the study area and not only a selection of units that are just for sale within the observation period. Consequently, the spatial weights matrix covers all units within the population. Second, just as previous studies they focus on positive rather than negative spatial autocorrelation.

We begin our paper by introducing a spatial econometric model, which allows us to operationalize the spatial interaction effects empirically. We then outline our database of research publications and academic career details for academic economists employed at universities or research institutes in Austria, Germany, and German-speaking

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<sup>2</sup> One of the first studies in this field is from Can (1990).

Switzerland and we define underlying measure of research productivity and present its spatial distribution across our study area in Section 3. After surveying the potential determinants of research productivity in Section 4; Section 5 reviews and discusses the results of our empirical analysis, focusing on the sign and significance of the spatial interaction parameter as our main evidence of research competition. Consecutively, we provide comprehensive set of robustness checks in Section 6. We conclude this article with a summary and discussion of the main results in Section 7.

## 2. Spatial econometric modeling of competition

Generally, three different types of interaction effects in a spatial econometric model can be distinguished: endogenous interaction effects among the dependent variable ( $y$ ), exogenous interaction effects among the independent variables ( $x$ ), and interaction effects among the error term ( $\varepsilon$ ). Since we do not want to exclude any type of interaction effect in advance, a spatial econometric model with a full set of interaction effects is taken as point of departure. At the same time, we use the Akaike and Bayesian information criteria (AIC and BIC) to avoid potentially insignificant spatial interaction effects in the empirical analysis. These criteria improve when adding interaction effects to the model, but also include a penalty function which increases with the number of estimated parameters to discourage overfitting. Other spatial econometric studies also use these criteria as a mean to model selection, among which Le Gallo et al. (2003) and Battisti and Di Vaio (2008).

The full spatial econometric model reads as

$$y_i = \delta \sum_{j=1}^N w_{ij} y_j + \alpha + x_i \beta + \sum_{j=1}^N w_{ij} x_j \theta + \varepsilon_i, \quad \varepsilon_i = \lambda \sum_{j=1}^N w_{ij} \varepsilon_j + v_i, \quad (1)$$

where  $y_i$  is the dependent variable (e.g., research productivity in our study) for unit  $i$  ( $i = 1, \dots, N$ ),  $\alpha$  is the constant term parameter,  $x_i$  is a  $1 \times K$  vector of exogenous variables, and  $\beta$  is a matching  $K \times 1$  vector of fixed but unknown parameters. Furthermore,  $\varepsilon_i$  and  $v_i$  are error terms, the latter with mean 0 and variance  $\sigma^2$ . The variable  $\sum_j w_{ij} y_j$  denotes the interaction effect of the dependent variable  $y_i$  with the dependent variables  $y_j$  in



neighboring units, the variables  $\sum_j w_{ij} x_j$  with the independent variables  $x_j$  in neighboring units, and  $\sum_j w_{ij} \varepsilon_j$  with the error terms  $\varepsilon_j$  in neighboring units, where  $w_{ij}$  is the  $i,j$ -th element of a pre-specified nonnegative  $N \times N$  spatial weights matrix  $W$  that describes the spatial arrangement of the units in the sample.  $\delta$  denotes the spatial autoregressive coefficient, while  $\theta$ , similar to  $\beta$ , is a  $K \times 1$  vector of parameters. If  $W$  is row-normalized,  $\delta$  is defined on the interval  $(1/r_{\min}, 1)$ , where  $r_{\min}$  equals the most negative purely real characteristic root of  $W$  (LeSage and Pace, 2009).

The matrix of partial derivatives of dependent variable in the different units with respect to the  $k^{\text{th}}$  explanatory variable in the different units (say,  $x_{ik}$  for  $i = 1, \dots, N$ ) is

$$\begin{bmatrix} \frac{\partial E(y_1)}{\partial x_{1k}} & \dots & \frac{\partial E(y_1)}{\partial x_{Nk}} \\ \vdots & & \vdots \\ \frac{\partial E(y_N)}{\partial x_{1k}} & \dots & \frac{\partial E(y_N)}{\partial x_{Nk}} \end{bmatrix} = (I - \delta W)^{-1} \begin{bmatrix} \beta_k & w_{12}\theta_k & \dots & w_{1N}\theta_k \\ w_{21}\theta_k & \beta_k & \dots & w_{2N}\theta_k \\ \vdots & \vdots & \ddots & \vdots \\ w_{N1}\theta_k & w_{N2}\theta_k & \dots & \beta_k \end{bmatrix}, \quad (2)$$

$$= (I - \delta W)^{-1} (\beta_k I + \theta_k W)$$

for which we use the property that states the diagonal elements of  $W$  are 0 and the expected values of the error terms are zero. Following LeSage and Pace (2009), we can approximate the direct effect of the  $k^{\text{th}}$  explanatory variable by the average of the diagonal elements of the matrix  $[(I - \delta W)^{-1}(\beta_k I + \theta_k W)]$  and the indirect effect by the average of the row (or column) sums of the non-diagonal elements of that matrix. The indirect effect measures the impact of changing an exogenous variable in a particular university on the research productivity of all other universities.

Of particular interest for this study are the coefficient estimate  $\delta$  of the variable  $\sum_j w_{ij} y_j$  and the direct and indirect effects of size. In our study context, a negative value of  $\delta$  serves as an argument for competition among universities. That is, if a researcher working at a particular university publishes a journal paper, then  $\delta$ , together with the spatial weights matrix  $W$ , determines the number of (quality-adjusted) journal papers that researchers working at other universities can no longer realize, because the publication eliminates their potential primacy. A positive value of  $\delta$  instead would imply that the hypothesis that universities compete should be rejected, in favor of some productivity reinforcement.

If the direct effect of the size of economic departments is positive and significant, we can conclude that research output is subject to economies of scale. If in addition the indirect effect of the size of economic departments is positive and significant, cross-fertilization with nearby universities takes place. Both outcomes would imply the existence of agglomeration economies. Equation (2) indicates that whether the direct and indirect effects of size are positive and significant depends on the signs, magnitudes, and significance levels of the underlying coefficients  $\delta$ ,  $\beta_k$ , and  $\theta_k$ , as well as on the magnitude of the elements of the spatial weights matrix  $W$ . Agglomeration economies thus may emerge even if universities are competitors, that is, if  $\delta$  is negative.

### **3. Economic research across German-speaking countries: Quantity and quality**

Our primary data source for the empirical analysis is a database of all individual researchers in economics, finance, and business administration currently affiliated with an Austrian, German, or German-speaking Swiss university or economic research institute. This “research monitoring” (*Forschungsmonitoring*<sup>3</sup>) database falls under the auspices of the German Economic Association<sup>4</sup> and provides, for each researcher, all of his or her journal articles indexed in EconLit,<sup>5</sup> as well as additional personal information, such as affiliation, current position, career length, and gender. Furthermore, it provides information about all coauthors (regardless of affiliation). The research monitoring database is updated annually, self-validated, and inclusive of new researchers. We use the December 2009 version.

For our analysis, we selected only researchers in economics who graduated earlier than 2008, to give time for the youngest scholars' publications to appear. Altogether we gather data about 1373 researchers affiliated with 81 universities and 17 research institutes: 80 are German (68 universities, 12 institutes), 12 Austrian (8 universities, 4 institutes), and 6 Swiss (5 universities, 1 institute). The institutes include the research departments of the three national central banks and the European Central Bank in

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<sup>3</sup> See [www.forschungsmonitoring.org](http://www.forschungsmonitoring.org).

<sup>4</sup> The German Economic Association (Verein für Socialpolitik) is the professional association for German-speaking economists ([www.socialpolitik.org](http://www.socialpolitik.org)).

<sup>5</sup> EconLit is the American Economic Association's electronic bibliography of economic literature ([www.econlit.org](http://www.econlit.org)).

Frankfurt. Economists affiliated with universities or research institutes with very small economic departments are excluded.<sup>6</sup>

To measure research productivity for the 98 research units in our sample, we calculate the number of articles published in academic journals, weighted by quality:

$$y_i = \frac{1}{N_i} \sum_{r_i=1}^{N_i} \left[ \frac{1}{l_{r_i}} \sum_{p_{r_i}=1}^{P_{r_i}} \frac{q_{p_{r_i}}}{a_{p_{r_i}}} \right], \quad (3)$$

where  $y_i$  denotes the  $i^{\text{th}}$  unit's average research productivity over a particular period of time. We use the ten-year period, 2000–2009. The expression in square brackets is the average annual research productivity of researcher  $r_i$ , where  $r_i$  runs from 1 to  $N_i$ , which refers to the total number of researchers employed in research unit  $i$ . Researcher  $r_i$  contributes to  $P_{r_i}$  research results (published journal articles) in the observation period, with a maximum length of 10 years ( $l_{r_i} = 10$ ). If a researcher  $r_i$ 's academic career is shorter than 10 years, we adjust  $l_{r_i}$  accordingly. Note that for the youngest researchers, graduated in 2008,  $l_{r_i}$  equals 1. Each publication  $p_{r_i}$  of researcher  $r_i$  is weighted with a journal quality index  $q_{p_{r_i}}$  and divided by the number of authors  $a_{p_{r_i}}$  of that publication. We use the journal quality index developed by Ritzberger (2008), who ranked 261 ISI<sup>7</sup> journals in economics and related fields on a scale from 1 (*Econometrica*) to 0 (19 journals got a score of 0). In Section 6, we test whether our results are robust to alternative measures, including an alternative journal quality index, another measure of the importance of the publication, and a longer time period.

The average annual research productivity of the analyzed research units, according to our benchmark index, ranges from 0.000 to 0.167. The mean, calculated for all 98 research units, equals 0.028, and the standard deviation is 0.034. These results imply that an economist employed at a top institution produces the equivalent of one single-authored *Econometrica* article every six years or the equivalent of one single-

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<sup>6</sup> This criterion excludes 41 researchers working in 33 different organizations that included no more than 3 economists each.

<sup>7</sup> Institute for Scientific Information.

authored article in a good journal such as the *Journal of Public Economics* (quality index 0.171) annually. To produce the equivalent of one single-authored article in a good journal, the average economist employed at an ordinary university needs approximately six years.

Figure 1 features a map of staff size of the research units and their research productivity at the units' various geographical locations. The left panel shows that the number of economists employed at the various locations corresponds to the regions' populations, which likely reflects local demand for education. The right panel indicates that large universities do not necessarily produce more efficiently; some smaller units are highly productive (e.g., University of Basel), whereas some larger units' productivity is well below average (e.g., University of Hamburg). Yet remote universities tend to be less productive than institutions in central cities. The financial centers of Germany and Austria, Frankfurt and Vienna, host each country's most productive universities (Frankfurt University and University of Vienna) and institutes (European Central Bank and Institute for Advanced Studies). In Germany, other productive universities are mostly located in large cities in the west (e.g., Mannheim, Bonn, Cologne). Universities located in the east of that country exhibit lower levels of research productivity. The capital Berlin is an anomaly, mainly due to the Berlin Free University. In Austria, other than the University of Vienna, only the University of Innsbruck exhibits above-average research productivity. In German-speaking Switzerland, all universities and the Swiss National Bank have highly productive economics departments.

<< Figure 1 about here >>

Other than Switzerland and the Frankfurt area though, we observe no obvious clustering, nor are the highly productive institutions distributed in any strikingly uniform manner across the three countries. A visual analysis thus cannot reveal whether the location of a research institution in relation to its neighbors affects the productivity of the researchers it employs. A formal test is needed to disentangle the potential effect of location; therefore, we estimate the spatial econometric model discussed in the previous section.

#### **4. Explaining Research Productivity**

On the basis of previous research, we assess the non-spatial explanatory variables of research productivity. First, we control for lifecycle effects by including career age, which measures the number of years since the researcher received his or her doctoral degree. Several studies have found that the relationship between career age and research productivity is nonlinear, such that productivity tends to be high and increasing in the early years of a scientist's career but then declines, eventually at a decelerating rate. The identification of the nonlinear relationship usually relies on the square of career age as a regressor (Maske et al., 2003), though some studies use higher-order polynomials (Kim et al., 2009; Rauber and Ursprung, 2008b). We therefore consider career age and its square.

Second, many studies include a gender variable (Fabel et al., 2008; Maske et al., 2003; Rauber and Ursprung, 2008b; Taylor et al., 2006); depending on surrounding conditions, it appears that female economists publish less than male economists. Fabel et al. (2008) attribute this lower level of productivity to career interruptions (e.g., maternity leaves). Because significant gender effects emerge in previous studies with German data, we control for the share of female staff.

Third, we control for institutional characteristics. The size of the institution, measured as the number of researchers, provides a test for economies of scale. Fabel et al. (2008) find some evidence of positive but decreasing economies of scale, so we also include the square of this size measure. Research institutes differ from university departments, because their staff is not required to teach, and unsurprisingly, some studies reveal that teaching has a negative effect on research productivity (Fox, 1992; Taylor et al., 2006). However, research institutes also rely heavily on consulting, which may not transform easily into publications suitable for first-rate scientific journals. To control for these institutional differences, we include a dummy variable that assumes the value of 1 if the institution is a research institute.

Fourth, some studies control for the composition of the staff, which strongly influences the prevailing organizational culture (Cainelli et al., 2006; Fabel et al., 2008; Kim et al., 2009). Research activity by colleagues can generate positive spillovers through exchanges of expertise, ideas, and feedback on ongoing projects. According to Taylor et al. (2006), the presence of active peers should increase productivity, because it

enhances both formal and informal collaboration and may produce a competitive environment that encourages “keeping up” with colleagues. In contrast, in an academic environment in which nobody has published in (top) journals, a researcher may redirect his or her activities toward tasks that do not contribute to research production, according to our definition (Kim et al., 2009). Because research productivity generally is lower in institutions with a larger share of non-publishing members, we control for the share of researchers in each department who have never published an article in a journal indexed by Ritzberger (2008). Fabel et al. (2008) similarly capture this peer effect by including the share of junior members (assistant and associate professors) as an explanatory variable of average research productivity and find a significant negative effect.

Fifth, to determine whether the integration of a research unit into the science system affects research productivity, we include a variable that measures the number of scholars who have collaborated with coauthors outside their own research unit, as a fraction of all staff members who have published in journals indexed by Ritzberger (2008). Maske et al. (2003) and Taylor et al. (2006) find that the percentage of coauthored articles and average number of coauthors have positive and significant effects on research productivity.

Sixth, following Fabel et al. (2008), we allow for different intercepts in Germany, Austria, and Switzerland. We use Germany as a benchmark and add country dummies for Austria and Switzerland. These country fixed effects control for all country-specific, time-invariant variables whose omission could bias the parameter estimates, such as differences in the remuneration of university professors.

## 5. Results

Table 1 reports our estimates of the determinants of research productivity, based on the period 2000–2009 and 98 observations of university economics departments and institutes that conduct economic research. The first column shows the OLS estimator results applied to the log-linear functional form, without any spatial interaction effects. Whereas most studies adopt a linear relationship, Fox (1992) starts with a log-linear functional form to normalize the skewed distribution of productivity—few researchers produce many articles and many publish few or none. To test the linear and log-linear

functional forms, we first estimated the Box-Cox nonlinear regression model by ML with a common parameter  $\gamma$  for the research productivity dependent variable and the right-hand side variables of career age and size. Dummies or variables measuring shares were not transformed. We find that  $\gamma = 0.182$ , with standard error of 0.142, indicating that the log-linear functional form is more appropriate.

<< Table 1 about here >>

The second column of Table 1 contains the results of the general nesting spatial (GNS) model with a full set of interaction effects. The parameters are estimated by maximum likelihood (ML) and based on a row-normalized inverse distance matrix whose entries represent the Euclidian distances between each pair of research organizations. We derived these distances from GPS data reported by Google Earth and consider alternative specifications in the next section. Since the coefficients of all spatial interaction effects appear insignificant, probably due to overfitting the model, we used the Akaike and Bayesian information criteria (AIC and BIC) to reduce the number of interaction effects. We considered all different combinations that can be constructed out of the ten interaction effects in the GNS model ( $\sum_j w_{ij} y_j$ , eight different  $\sum_j w_{ij} x_j$  variables, and  $\sum_j w_{ij} \varepsilon_j$ ). A selection of the results is reported in Table 2. The combination that produces the lowest value of both AIC and BIC occurs when just one interaction effect is included, namely  $\sum_j w_{ij} y_j$  corresponding to the spatial lag model. This result perfectly fits within the context of this study that states that scientists and the institutions for which they work are competitors. The spatial autoregressive coefficient in the latter model, whose results are reported in the third column of Table 1, equals -0.451 and is highly significant (t-value = -2.91). Therefore, if a researcher working at a particular organization publishes one additional journal article, the productivity of researchers working at other organizations falls on average by 0.34 journal articles.<sup>8</sup> To be more precise: One article in *Econometrica* (quality weight = 1) might displace another article in *Journal of Economic*

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<sup>8</sup> This coefficient is the average row (or column) sum of the non-diagonal elements of the matrix  $(I - \delta W)^{-1}$ , with  $\delta = -0.451$  and  $W$  equal to the inverse distance matrix, based on Euclidian distances among research institutes. Also see the explanation we offer after Equation (2).

*Theory* (weight = 0.346), while a paper published in the latter journal might displace a paper in *Economic Theory* (weight = 0.118, or approximately  $0.346 \times 0.34$ ).

In line with previous studies, the coefficients of the non-spatial explanatory variables in both the OLS and the spatial lag model have the expected signs. In addition, column 3(d) of Table 1 reports the results when research productivity depends on all our explanatory variables. Not every coefficient in this extended regression equation appears significant, so we dropped some variables from the model. We discuss these non-significant variables in detail subsequently.

<< Table 2 about here >>

The coefficient of the size of economic departments is positive and highly significant. This result corroborates the hypothesis that larger economic departments make their faculty more productive; peer pressure appears to generate economies of scale. Because research productivity and size are both measured as logs, the coefficient of the size variable represents an elasticity. The estimated coefficient of 0.46 can be interpreted as follows: Assume two research organizations at the same location, one of which is twice as large as the other. Economists working for the larger organization should be 46% more productive than peers employed by the smaller organization.

The square of the size variable has a negative coefficient, which indicates decreasing returns to scale. However, because the coefficient is insignificant, we drop this variable. To test for the agglomeration effect of nearby universities, we also estimated the model with the spatially lagged independent variable  $W \times \log \text{ size}$ . The coefficient estimate of this variable is negative and insignificant (-0.124, t-value = -0.27); therefore, the size of neighboring research institutes, similar to the spatially lagged dependent variable of research productivity, reflects the competitive forces among scientists employed at different organizations. Because the coefficient was not positive and significant, we find no empirical evidence in favor of cross-fertilization effects across nearby universities. This result corroborates Bonaccorsi and Daraio's (2005) view that scientific excellence creates its own agglomeration effects rather than that agglomeration effects make researchers more productive, except for economies of scale.

The coefficient of the log of career age is negative and significant, consistent with the observation that productivity tends to be high in the first years of a career and



declines thereafter, such that younger departments are more productive. The coefficient of its square is positive; toward the very end of a person's career productivity slightly increases again. However, this coefficient is insignificant, so we drop this variable.

Collaboration has a positive and highly significant effect on research productivity. This result reveals that collaboration is beneficial and that collaboration and competition generally coexist. According to the coefficient estimate and the average degree of collaboration in our sample, the decision to cooperate with coauthors employed by other organizations increases productivity by approximately 18%.<sup>9</sup>

The coefficient of the variable that measures the share of the researchers who do not publish is negative and significant. The presence of many inactive peers thus may induce colleagues to be less active as well. Alternatively, perhaps inactive colleagues create an academic environment that provides insufficient feedback, formal or informal collaboration, and/or exchanges of expertise and new ideas, which is not conducive to high research productivity. We also included a variable measuring the organizations' share of junior staff and find a negative estimated coefficient, just as in Fabel et al. (2008), though it was not significant at conventional levels. We therefore exclude it.

The coefficient of the research institute dummy is negative and weakly significant (10% level), likely because the publication of articles in scientific (top) journals is not a primary task for research institutes, unlike for universities. The lower statistical significance might be explained by the high teaching loads of many university professors, which has a dampening effect on research productivity and results in rather small productivity differences in relation to research institutes. The coefficient of the gender dummy is negative but not significant ( $t$ -value = -0.72). The frequently identified negative impact of characteristic career patterns by female scientists is not apparent in our result, which may reflect the aggregate nature of our data.

Finally, the coefficient of the intercept dummy for Switzerland is positive and significant. Economists working at Swiss research organizations are slightly more

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<sup>9</sup> The average university has 14.01 staff members, of whom 7.53 have published journal articles with coauthors outside their own university. If the latter number rises by 1 staff member, the collaboration variable increases from 0.54 to 0.61. Because its direct effect is 2.538, the log of research productivity increases by approximately  $(0.61 - 0.54) \times 2.538 = 0.178$ , or 18%.

productive than their colleagues in Austria and Germany. Whether this outcome is a consequence of higher Swiss salaries and ensuing selection effects or of different institutional arrangements is unclear and deserves further inquiry.

Because we find that the spatial lag model is more appropriate than the OLS model, we identify the estimated coefficients of the explanatory variables in the OLS model and the corresponding direct and indirect effects as biased. These effects follow from Equation (2) when the coefficient  $\theta_k$  is set to 0.

Comparing the estimated direct effects of the OLS model with their counterparts in the spatial lag model, we observe noteworthy differences. In the spatial lag model, the direct effect of the dummy for Switzerland is 0.816; in the OLS model, it is 0.530. Therefore, the latter effect is underestimated by 35.0%. Similarly, the direct effect of career age is underestimated by 10.1%, that of size by 1.0%, and that of collaboration by 6.3%. Conversely, the direct effect of the dummy variable for research institutes is overestimated by 33.3% and that of the share of non-publishing staff by 6.3%.

Whereas the indirect effects in the OLS model are set to 0, the t-statistics indicate that the indirect effects of size, career age, no top publishers, and collaboration differ significantly from 0. In other words, if one of the variables driving research productivity at the organization level changes, the result is a change in not only the research productivity of the economists employed by that organization but also the research productivity of neighboring organizations. The change at neighboring organizations moves in the opposite direction and is on an order of magnitude of approximately 31% of the original change.

## **6. Robustness tests**

We now turn to whether our conclusions are sensitive to alternative model specifications. In spatial econometrics the proper choice of the spatial weight matrix plays an important role, given it is specified by analyst beliefs, rather than economic theory. In Table 3 we present five alternative specifications (1–5) of the spatial weights matrix, in addition to the inverse distance matrix based on Euclidian distances used thus far, as well as their underlying log-likelihood function values, Bayesian posterior model probabilities, and the parameter estimates of the residual variance ( $\sigma^2$ ). These alternative specifications cover a

wide range of spatial weights matrices from empirical research: p-order binary contiguity matrices (if  $p = 1$ , only first-order neighbors are included; if  $p = 2$ , the first- and second-order neighbors are considered; and so on), distance matrices (linear or exponential distance decay functions, with or without a cut-off point), q-nearest neighbor matrices (where  $q$  is a positive integer), and block diagonal matrices in which each block represents a group of units that interact with one another but not with the units in other groups.

To obtain the log-likelihood values and residual variances, we estimate the spatial lag models by ML, and for the Bayesian posterior model probabilities (which sum to 1), we estimate the spatial lag models with the help of the Bayesian MCMC method.

<< Table 3 about here >>

The first spatial weights matrix, labeled W-region, combines a binary contiguity matrix with a group interactions matrix. Its elements are 1 if two German organizations are located in the same state (Bundesland), and 0 otherwise.<sup>10</sup> The W-4 is a four-nearest neighbor matrix, measured in terms of driving distances; it is the only matrix that is not symmetric. The W-distances  $\leq 165$  km combines an inverse distance matrix with a cut-off point and a group interactions matrix, because every organization within 165 kilometers is considered a neighbor, but not organizations beyond this cut-off point. The choice of the 165 km distance band prevents any organizations from lacking an interaction partner. In the next distance matrix, we include an exponential distance decay function ( $\exp[-d]$ ). All the matrices have been row-normalized, so the entries of each row add to 1. Finally, a last matrix assumes that all universities are neighbors and that the impact of each university is the same; all non-diagonal elements equal 1 before row-normalizing and  $1/(N - 1)$  afterwards. The idea underlying this equally weighted, single group interaction matrix is as follows: If researchers truly compete with one another, every researcher, regardless of his or her employer, is a competitor.

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<sup>10</sup> Four city-states or small states merged with their immediate neighbors: Berlin with Brandenburg, Bremen with Lower Saxony, Hamburg with Schleswig-Holstein, and Saarland with Rhineland-Palatinate. Austria comprised two groups, Vienna and rest of the country. Switzerland and its six German-speaking research organizations represented one group.

Formally though, this spatial weight matrix should be rejected for reasons of consistency. Lee (2004) proves that any spatial weight matrix must satisfy one of the following two conditions: (1) the row and column sums of the matrix  $W$  before  $W$  is row normalized should be uniformly bounded by the absolute value as  $N$  approaches infinity, or (2) the row and column sums of  $W$  before row normalization should not approach infinity at a rate equal to or faster than the rate for the sample size  $N$ . Elhorst (2010) shows that the row and columns of the single group interactions matrix, before it is row normalized, are  $N - 1$  and that the rate at which these row and column sums approach infinity is the same as the rate at which the sample size  $N$  does. Therefore, this matrix satisfies neither condition, but by considering it, we test whether this matrix should be rejected empirically as well.

The results in Table 3 show that the inverse distance matrix based on Euclidian distances has the highest log-likelihood function value, the highest Bayesian posterior model probability, and the lowest parameter estimate for residual variance. The probability that this matrix is the most appropriate is approximately 1.9 times greater than the respective probabilities for its counterpart based on an exponential distance decay function, 2.1 times greater than that for the equally weighted group interaction matrix, 3.5 times as large as that for the four-nearest neighbor matrix, 9.4 times as large as for the  $W$ -region matrix, and more than 10 times greater than the  $W$ -distances  $\leq 165$  km matrix. In summary, spatial weights matrices with many zero non-diagonal elements underperform compared with spatial weights matrices with no zero non-diagonal elements, and the inverse distance matrix based on Euclidian distances is the best approximation of this latter group of matrices. This finding may reflect the labor market for scientists: Reputable universities always want to hire good researchers away from other universities to add their publications to their publication records. But just as the tendency to collaborate with other researchers decreases with distance, so does the willingness to relocate. That is, researchers appear willing to accept job offers from other universities if the remuneration exceeds their current salary plus the costs of relocation. Migration literature provides abundant evidence that these costs increase with distance. If instead of the inverse distance matrix, we were to adopt one of the other matrices, the competition

parameter remains negative, though in most cases, the significance level declines from 5% to 10% (see the last two columns of Table 3).

In a second battery of tests, we checked whether our results in Table 1 are robust to alternative measures of research productivity (Table 4). Several studies include the number of pages of each article as an indicator of research significance, including Combes and Linnemer's (2003) ranking of European economics departments, Rauber and Ursprung's (2008a) ranking of economics departments in Germany, and Kim et al.'s (2009) investigation of research productivity in economics and finance departments at 25 top U.S. universities. If we extend the productivity measure in Equation (5) to account for the length of journal articles, we obtain:

$$y_i = \frac{1}{N_i} \sum_{r_i=1}^{N_i} \left[ \frac{1}{l_{r_i}} \sum_{p_{r_i}=1}^{p_{r_i}} \frac{q_{p_{r_i}} s_{p_{r_i}}}{a_{p_{r_i}}} \right], \quad (4)$$

where  $s$  denotes the number of pages of the article. Instead of using Ritzberger's (2008) journal quality weights, we can use the quality weights that inform the popular research ranking of Austrian, German, and Swiss economics departments published by the business newspaper *Handelsblatt*. This journal list includes more than 1,200 journals, compared with the 261 journals rated by Ritzberger (2008).<sup>11</sup> Furthermore, *Handelsblatt* considers only seven different quality levels: 1, 0.6, 0.3, 0.2, 0.1, 0.15, and 0.05. Thus the *Handelsblatt* weights are more evenly distributed than the quality weights proposed by Ritzberger. Although the use of quality weights is perhaps the most controversial item in productivity measures, Krapf (2011) shows that the ranking of economic research departments across different weighting schemes (including Ritzberger's and the *Handelsblatt* version) are very robust.

As a third robustness check, we considered the length of the sample period. To provide perspective on the ten-year period (2000–2009) for our benchmark regressions, we investigated a sample covering 40 years (1970–2009). The Ritzberger (2008) and *Handelsblatt* journal quality weights refer to the more recent past, so we used weights

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<sup>11</sup>See <http://tool.handelsblatt.com/tabelle/?id=33>. In this robustness check we used the HB 2007 weights.

proposed by Laband and Piette (1994) for the first two decades (1970–1989) and those proposed by Kalaitzidakis et al. (2003) for the 1990–1999 period.<sup>12</sup>

In the fourth robustness check, we allowed for heteroskedastic disturbances by specifying  $\sigma_j^2 = \alpha_1 + \alpha_2 n_i$ , where  $n_i$  is the size of the economics department measured in number of people. The parameter estimates of  $\alpha$  are both significant, but not reported in Table 4.

In the fifth robustness check, we estimated the spatial lag based on individual observations to test whether our results does not suffer from the ecological fallacy problem. University-level behavior analyzed with aggregated data may not correspond to individual level behavior. However, since some explanatory variables are measured at the university level, also known as contextual variables (institute, log size, no top publishers and collaboration), their standard errors will be downwardly biased, provided that researchers employed at the same university, just as these contextual variables, share unobservable characteristics as part of the error terms. See Moulton (1990) who highlighted this issue, and demonstrated that estimating aggregated data is one remedy to this problem. Conversely, an analysis based on individual data should account for interaction effects among researchers employed within the same university, otherwise the spatial autocorrelation coefficient will be upwardly biased assuming that this interaction effect is positive. This is a topic of ongoing research.

In the sixth robustness check, we limited the analysis solely to university departments to investigate the strength of competition accounting only for academic research. University professors and junior professors are able to raise research grants to finance researchers, mainly doctoral students and post docs, as well as material expenses, which are usually a rather minor part of the budget in economics research projects. It is important to notice that the principal investigator cannot raise funds to augment his or her salary. Nevertheless this kind of funding may have a positive effect on the research

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<sup>12</sup> Laband and Piette (1994) rank 92 economic research journals according to impact-adjusted citations over the period 1975–79 and 130 journals over the period 1985–89. We used these rankings accordingly to weight the papers in our data set from 1970–79 and 1980–89, respectively. For 1990–99, we used Kalaitzidakis et al.’s (2003) ranking of 159 journals; they repeat Laband and Piette’s (1994) analysis for 1994–98. For the last decade, we used the Ritzberger (2008) ranking again.

productivity of these professors and consequently of their departments. In Germany the share of so called third-party funding to overall inflows amounts to about 11% for humanities<sup>13</sup>. About a third of these third-party inflows are financed by the German Research Foundation (DFG), the largest research funding organization in Germany (Deutsche Forschungsgemeinschaft, 2009). The Austrian Science Fund (FWF) and Swiss National Science Foundation (SNF) are its Austrian and Swiss counterparts. Based on information from these three largest national foundations, we constructed a new variable, funding, which we included in the model specification for universities only. This variable is the sum of granted projects over the period 2005-2007 to each of the economic departments divided by the number of professors and junior professors.<sup>14</sup> The coefficient of this funding variable turned out to be positive but insignificant. Similar weak evidence of research grants to scientific productivity was also revealed by other studies (e.g. Jacob and Lefgren, 2007). Of importance to our analysis is that it also did not affect the spatial autoregressive coefficient. One of the possible explanations is that the revealed competition in research productivity already includes the competition for grants; given that there are limited sources of government funding. Furthermore, it is more likely that grants are awarded to the best researchers/universities rather than that grants are provided to help less productive researchers to become more productive.

<< Table 4 about here >>

The results in columns 2–5 of Table 4 show that the size of the spatial autoregressive coefficient and its significance level remain largely unchanged when we include the number of journal pages as an indicator of productivity, carry out the analysis for the period 1970–2009, allow for heteroskedasticity, or estimate the model for university departments only. As expected, the coefficient somewhat decreases due to positive internal interaction effects when the analysis is carried out on individual observations. However, it remains significant.<sup>15</sup> In contrast, we obtain an insignificant but

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<sup>13</sup> The real share for economics is not known, as this statistic is only available for four broad research groups: humanities (which economics is part of), life sciences, natural sciences and technical sciences.

<sup>14</sup> Unfortunately, we were not able to collect data for the whole decade (i.e. 2000-09). Furthermore, we had to exclude two private universities in Germany because their research funding is on commercial basis.

<sup>15</sup> The coefficient estimates are in line with those of spatial lag model based on aggregated data. The t-values are generally higher, but note the Moulton bias discussed in main text.

still negative value when we use the Handelsblatt journal quality weights. The finding that competition is weaker according to the Handelsblatt weights indicates that scientific competition mainly motivates top performers; journeymen scientists appear motivated by other factors. To substantiate this hypothesis, we estimate a so-called biparametric spatial autoregressive model (Brandsma and Ketellapper, 1979),

$$y_i = \delta_1 \sum_{j=1}^N w_{ij} y_j + \delta_2 \sum_{j=1}^N v_{ij} y_j + \alpha + x_i \beta + \varepsilon_{it}, \quad (5)$$

where  $w_{ij}$  is the  $i,j$ -th element of the inverse distance matrix based on Euclidian distances (i.e., the best choice), and  $v_{ij}$  is the  $i,j$ -th element of the same spatial weights matrix limited to  $m$  top research units. In this setup,  $\delta_1$  measures the competition effect among all research units, and  $\delta_2$  measure it among only the top units. If our hypothesis is true,  $\delta_1$  will equal 0 and  $\delta_2$  will be less than 0. To determine the number of top units, we estimate the model for different values of  $m$  ( $m = 5$  to 93) and select that model for which the difference between  $\delta_1$  and  $\delta_2$  is significant and the log-likelihood function achieves its maximum. Column (8) in Table 4 contains the results with the Ritzberger weights, and column (9) features those for the Handelsblatt weights. These results confirm that the whole sample of research organizations can be subdivided into a group of top performers, who operate in strong competitive environments, and another group of weaker performers. The group of top performers includes 44 research units, with a spatial autoregressive coefficient of -0.617 (t-value = -4.10) with the Ritzberger weights; when we use the Handelsblatt weights, we include 20 research institutes with a spatial autoregressive coefficient of -0.334 (t-value = -2.85) in the top performers group. The latter finding corroborates the view that scientific competition exists even if we measure research productivity with Handelsblatt weights.

The impact of the intercept dummy for Switzerland appears most pronounced in the analysis for the longer period but smaller with the Handelsblatt weights. The coefficient of the dummy for research institutes, which was negative and weakly significant when we used Ritzberger's weights, appears negative and weakly significant when we include the number of journal pages. However, the coefficient becomes insignificant if we conduct the analysis for the 1970–2009 period. The impact of the



dummy for research institutes almost completely disappears with the Handelsblatt weights—likely because top research traditionally has been written mainly at universities.

The coefficient of the size variable is positive and highly significant in all model specifications. Because the interval for this coefficient appears rather small (0.350 to 0.568), this finding reconfirms the existence of economies of scale. The negative coefficient of career age is significant in all model specifications. However, the age effect grows most pronounced when we include the number of journal pages and least when using the Handelsblatt weights.

The coefficient of the no top publishers variable is negative and significant in most model specifications. For the period 1970–2009 and considering only university departments, the impact of “sleepers” becomes more pronounced. This rather plausible result reflects that scientific competition was less global in the past, so local factors played a larger role. As for the research institutes, we posit that their staff is less susceptible to peer group effects because of the traditionally strong leadership by institute managers. The opposite result emerges for collaboration though. The estimated coefficient of this variable is substantially smaller for 1970–2009 than for the benchmark period, regardless of the model specification. This result indicates that networking and collaboration among researchers have become much more important in the recent past.

Finally, the coefficient of the gender dummy is sizable, negative, and significant for the 40-year period. This finding may offer evidence that modern female scientists are better able combine their family lives with their academic aspirations.

## **7. Conclusions**

We provide strong empirical evidence in favor of Merton's (1973) basic notion that scientists are engaged in competition. If a researcher working at a particular university publishes a journal paper, the number of (quality-adjusted) journal papers that researchers working at other universities can realize decreases, as a result of that focal publication. The extent of the effect depends on the specification of the spatial weights matrix, the method of measuring research productivity, and the sample setup. Using Bayesian posterior model probabilities, maximum likelihood function values, and estimates of the residual variance, we find that a spatial weights matrix without zero non-diagonal

elements best describes the data; an inverse distance matrix based on Euclidian distances offers the best approximation of that spatial weights matrix. This finding is consistent with the notion that the willingness to relocate decreases with distance.

With this matrix, we find that the negative and significant competition effect ranges from -0.216 to -0.671 when we (1) use (top) Ritzberger weights, (2) consider journal page productivity rather than just article productivity, (3) use Handelsblatt weights instead Ritzberger weights, though only in the biparametric spatial autoregressive model in this latter case, (4) allow for heteroskedasticity, (5) carry out the analysis on individual rather than aggregated data, (6) conduct the analysis over a period of four decades (1970–2009) rather than only the past decade (2000–2009), and (7) investigate universities only rather than both universities and research institutes.

The most important control variables for research productivity are the size of economic departments, career age, the share of non-publishing staff, and the degree of collaboration. Larger economic departments make their faculty more productive because they offer economies of scale. Research productivity tends to be higher for younger research units and declines for older units, in concordance with lifecycle theories of research productivity. The greater the share of staff that does not publish, the more journal-targeted research of active colleagues will be redirected to other activities too, which causes research productivity to fall disproportionately. Even when researchers are competitors, their collaboration with coauthors outside their own university pays off, on average by 18%.

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**Table 1.** Explaining log research productivity using different model specifications

	(1)	(2)	(3)				
				(a)	(b)	(c)	(d)
Determinants	OLS	General nesting model		Spatial lag model			
		X	W×X	Coefficient	Direct effects	Indirect effects	More regressors
Constant	-3.010** (-2.38)	-4.276 (-0.67)		-4.896** (-3.67)			-3.852** (-1.08)
Austria	0.220 (0.74)	0.060 (0.13)	-0.209 (-0.26)	0.111 (0.40)	0.124 (0.43)	-0.037 (-0.38)	0.383 (1.05)
Switzerland	0.530 (1.27)	0.887 (1.52)	0.180 (0.15)	0.795** (2.00)	0.816** (2.00)	-0.273 (-1.58)	0.797 (1.99)
Institute	-0.724** (-2.37)	-0.417 (-1.18)	0.879 (0.97)	-0.540* (-1.90)	-0.544* (-1.91)	0.173 (1.62)	-0.718** (-2.06)
Log size	0.476** (3.06)	0.438** (2.80)	-0.172 (-0.26)	0.463** (3.24)	0.481** (3.34)	-0.155** (-2.41)	0.686 (0.69)
Log <sup>2</sup> size							-0.051 (-0.26)
W×Log size							-0.124 (-0.27)
Log career age	-1.012** (-3.14)	-1.017** (-3.07)	0.050 (0.05)	-1.094** (-3.70)	-1.126** (-3.77)	0.364** (2.49)	-1.732 (-0.81)
Log <sup>2</sup> career age							0.103 (0.24)
Junior professor							-0.894 (-1.09)
No top publishers	-2.184** (-3.11)	-1.996** (-3.00)	1.419 (0.48)	-1.912** (-2.97)	-1.971** (-3.02)	0.636** (2.28)	-1.852** (-2.81)
Female	-0.756 (-0.82)	-0.395 (-0.44)	-2.244 (-0.53)	-0.607 (-0.72)	-0.610 (-0.69)	0.183 (0.61)	-0.517 (-0.57)
Collaboration	2.378** (3.22)	2.371** (3.42)	0.375 (0.09)	2.459** (3.63)	2.538** (3.73)	-0.813** (-2.58)	2.557** (3.73)
$\delta$ (+ $\lambda$ in GNS)		$\delta$ =-0.366 (-1.38)	$\lambda$ =-0.296 (-0.878)	$\delta$ =-0.451** (-2.91)			$\delta$ =-0.450** (-2.70)
$R^2$	0.649	0.654		0.645			0.647
Log Likelihood	-173.90	-121.14		-122.35			-121.66

\*\* Significant at 5%. \* Significant at 10%.

Notes: The spatial weights matrix is an inverse distance matrix based on Euclidian distances. T-values are in parentheses; LM statistics are based on OLS residuals, and LR statistics are based on log-likelihood function values.

**Table 3.** Determination of most significant spatial interaction effects based on AIC and BIC criterions

Interaction effect	None		W* Y		W * $\varepsilon$	
	AIC	BIC	AIC	BIC	AIC	BIC
None	-0.0089	0.2284	<b>-0.1611</b>	<b>0.1026</b>	-0.1401	0.1237
W * Austria	0.0194	0.2832	-0.1410	0.1491	-0.1238	0.1664
W * Switzerland	0.0205	0.2843	-0.1406	0.1495	-0.1242	0.1659
W * Institute	0.0204	0.2842	-0.1521	0.1380	-0.1195	0.1706
W * Log size	0.0153	0.2791	-0.1402	0.1499	-0.1437	0.1464
W * Log career age	0.0227	0.2865	-0.1557	0.1345	-0.1320	0.1581
W * No top publishers	0.0103	0.2741	-0.1394	0.1508	-0.1603	0.1298
W * Female	0.0209	0.2847	-0.1407	0.1494	-0.1453	0.1449
W * Collaboration	0.0191	0.2829	-0.1464	0.1437	-0.1462	0.1437

Notes:  $AIC = \ln(\sigma^2) + (2K)/N$ ,  $BIC = \ln(\sigma^2) + [K \ln(N)]/N$ , with K the number of explanatory variables and N the number of observations.  $AIC = -0.1576$  and  $BIC = 0.1326$  for model with both W\*Y and W\* $\varepsilon$ . Results for models with more than two spatial interactions effects are not reported, since their performance is worse.

**Table 3.** Spatial weight model, comparison with spatial lag model

Spatial weights matrix (W)	Log-likelihood function value	Bayesian posterior model probability	Bayesian posterior model probability	$\hat{\sigma}^2$	$\Delta$	t-value $\delta$
(1) W-region (0/1)	-123.52	0.043	0.053	0.746	-0.236	-1.66
(2) W-4 nearest neighbors (0/1)	-123.26	0.115	0.141	0.719	-0.240	-1.87
(3) W-driving distances < 165 km (0/1)	-123.87	0.038	0.047	0.759	-0.236	-1.64
(4) W- Euclidian distances ( $\exp[-d]$ )	-123.75	0.211	0.260	0.694	-0.528	-1.70
(5) W-single group interactions ( $1/(N-1)$ )	-124.19	0.188	-*	0.723	-0.306	-0.65
(6) W- Euclidian distances (1/d)	-122.35	0.406	0.500	0.694	-0.451	-2.91

\* Without the inconsistent single-group interactions matrix.

**Table 4.** Variants of the spatial lag model from Table 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Determinants	Spatial lag model Table 1 <sup>§</sup>	Journal page prod.	Handelsblatt weights	Hetero skedasticity	Individual Data	Period 1970- 2009	Universities only	Top Ritzberger ‡	Top Handelsblatt ‡
Constant	-4.896 (-3.67)	-0.104 (-0.08)	-1.772 (-2.34)	-4.312 (-2.98)	-6.125 (-12.86)	-4.156 (-2.80)	-5.234 (-3.37)	-5.237 (-4.35)	-1.900 (-2.63)
Austria	0.111 (0.40)	0.104 (0.34)	0.147 (0.86)	0.038 (0.13)	-0.425 (-3.63)	0.203 (0.64)	0.134 (0.41)	0.331 (1.31)	0.283* (1.69)
Switzerland	0.795** (2.00)	0.690 (1.59)	0.389 (1.57)	0.835** (4.33)	0.685 (4.64)	1.042** (2.26)	0.848* (1.80)	0.698* (1.92)	0.312 (1.30)
Institute	-0.540* (-1.90)	-0.588* (-1.89)	-0.166 (-0.93)	-0.833** (-2.97)	-0.624 (-6.33)	-0.447 (-1.34)	-	-0.398 (-1.51)	-0.156 (-0.91)
Log size	0.463** (3.24)	0.515** (3.30)	0.350** (3.94)	0.615** (5.84)	0.332 (5.36)	0.505** (3.06)	0.568** (3.68)	0.409** (3.10)	0.342** (3.97)
Log career age	-1.094** (-3.70)	-1.377** (-4.25)	-0.635** (-3.37)	-1.324** (-3.88)	-0.543 (-14.26)	-0.803** (-2.33)	-0.991** (-2.77)	-0.999** (-3.67)	-0.550** (-3.02)
No top publishers	-1.912** (-2.97)	-1.940** (-2.75)	-2.125** (-4.62)	-1.859** (-2.57)	-3.554 (-45.13)	-2.875** (-4.83)	-2.391** (-3.24)	-1.369** (-2.26)	-2.191** (-4.94)
Female	-0.607 (-0.72)	-0.751 (-0.81)	-0.885* (-1.68)	-0.107 (-1.01)	-0.436 (-4.41)	-1.298** (-2.31)	0.333 (0.38)	-0.834 (-1.07)	-0.735 (-1.45)
Collaboration	2.459** (3.63)	2.683** (3.62)	1.357** (2.95)	2.308** (3.13)	2.128 (8.87)	1.251** (2.01)	1.891** (2.53)	2.104** (3.36)	1.109** (2.46)
$\delta / \delta_1$	-0.451** (-2.91)	-0.403** (-2.59)	-0.132 (-0.89)	-0.412** (-2.74)	-0.216** (-2.72)	-0.369** (-2.16)	-0.490** (-2.46)	0.037 (0.19)	0.056 (0.36)
$\delta_2$								-0.617** (-4.10)	-0.334** (-2.85)
$R^2$	0.645	0.642	0.740	0.683	0.697	0.570	0.683	0.669	0.761
Observations	98	98	98	98	1373	98	81	98 (m=44)	98 (m=20)

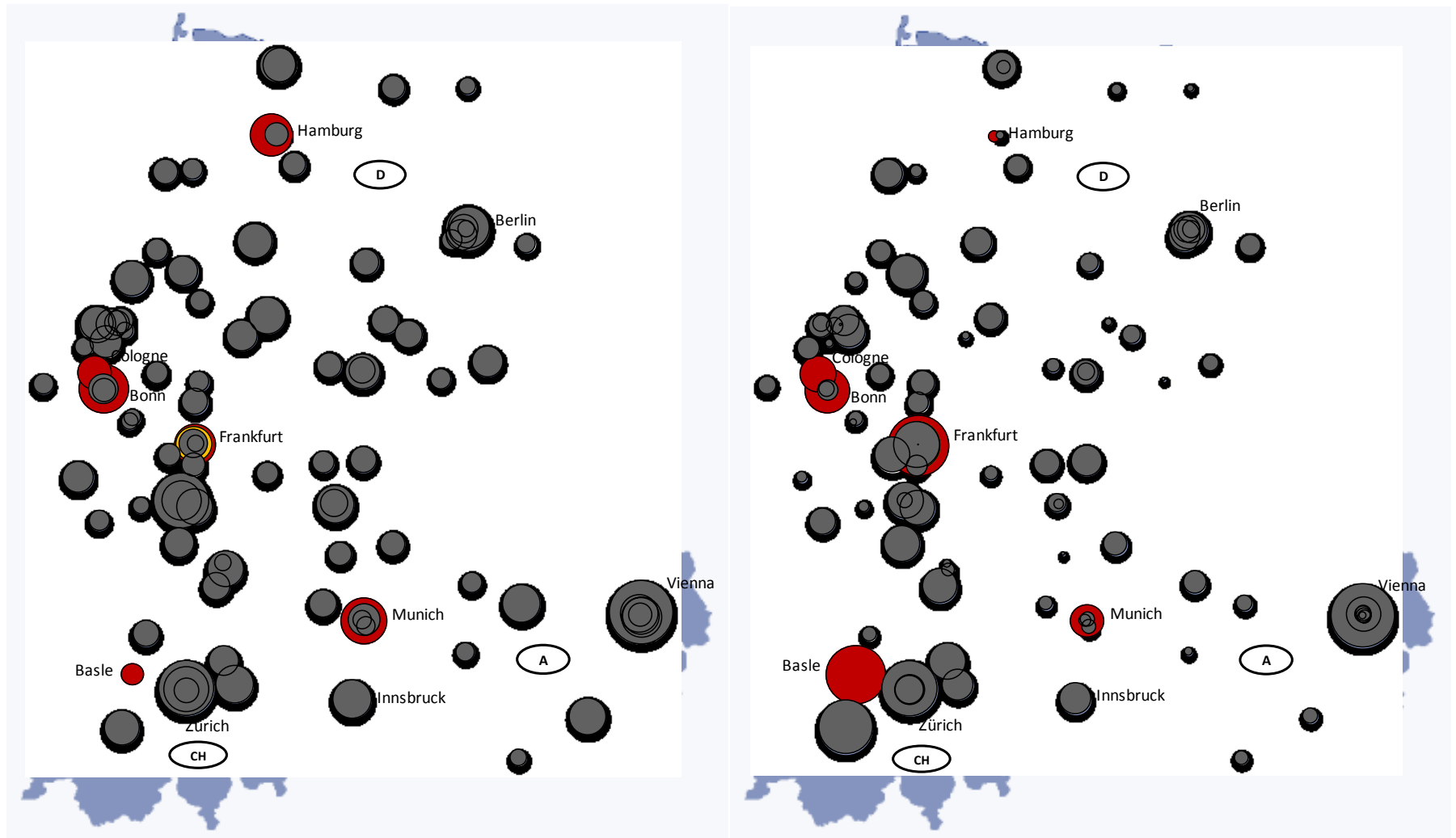
§ Results reported in Table 1: article productivity, Ritzberger weights, period 2000–2009, universities plus research institutes.

‡ Biparametric spatial lag model for top and other research units, based on Ritzberger or Handelsblatt weights.

\*\* Significant at 5%. \* Significant at 10% (not indicated in column 5)

Notes: T-values are in parentheses.





**Figure 1:** Geographical distribution of research units in the study data sets

Each circle represents one of the 98 research units. The size of a circle indicates the relative size (left) or relative research productivity (right) of a unit. Productivity (right) is calculated according to 2000–2009 publications weighted by Ritzberger's (2008) journal weights.